

WEEKLY MARKET UPDATE

2019.09.30 - 10.04

MACROECONOMIC UPDATE OF MONGOLIA

Mongolia, ADB sign projects to spur trade, improve hospital services, and upgrade roads

The Asian Development Bank (ADB) and the Government of Mongolia today signed loan agreements totaling \$103 million for projects that will upgrade border crossing points, complete a district demonstration hospital, and scale up road rehabilitation efforts in the country.

The agreements were signed by the Minister of Finance Mr. Khurelbaatar Chimed and ADB Country Director for Mongolia Ms. Yolanda Fernandez Lommen at a ceremony in Ulaanbaatar. Representatives from the ministries of finance, health, as well as road and transport development witnessed the event.

"As a landlocked country, a large share of Mongolia's gross domestic product is linked to foreign trade. Improving the efficiency of trade processes and enhancing physical connectivity is essential to facilitate trade and transport in Mongolia," said Ms. Fernandez Lommen. "Improving people's access to social services has always been a priority in ADB's operations in the country. Strengthening hospital services is key to improve the health of the Mongolian population."

The newly approved additional financing, worth \$27 million, for the ongoing Regional Improvement of Border Services Project will further upgrade border crossing points in Bichigt, bordering the People's Republic of China in the east; and Borshoo, which borders the Russian Federation in the west. The project will build on the development initiatives of the ongoing project, which is already upgrading facilities and equipment of the crossing points in Altanbulag and Sukhbaatar, located in the northern part of Mongolia.

The \$60 million additional financing for the Regional Road Development and Maintenance Project will rehabilitate the 118-kilometer (km) Darkhan–Altanbulag and 58-km Khuiten Valley–Arvaikheer road sections, while further enhancing the condition of the 204-km Ulaanbaatar–Darkhan road section. Road safety in the project areas will also be improved, which includes the construction of an additional overtaking lane as well as the installation of road markings, barriers, and guideposts. The project will also conduct assessments for the proposed new road to the planned Chinggis Khan Tourism Complex.

The \$16 million additional financing for the ongoing Fourth Health Sector Development Project will help the government complete the establishment of Songinokhairkhan district hospital. The multifunctional district hospital will provide quality services to the local population and serve as a demonstration hospital for other districts in the city. The construction of the Songinokhairkhan district hospital is expected to be completed in December this year.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. In 2018, it made commitments of new loans and grants amounting to \$21.6 billion. Established in 1966, it is owned by 68 members—49 from the region.

Source: Asian Development Bank

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,182.47	1.09% ▲
Dow Jones	USA	26,573.72	-0.92% ▼
S&P 500	USA	2,952.01	-0.33% ▼
Nasdaq	USA	7,982.47	0.54% ▲
S&P/TSX	Canada	16,449.35	-1.47% ▼
FTSE 100	GB	7,155.38	-3.65% ▼
S&P/ASX 200	Australia	6,517.10	-2.96% ▼
Nikkei 225	Japan	21,410.20	-2.14% ▼
Hang Seng	Hong Kong	25,821.03	-0.52% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.45
Mongol 2023 (Gerege)	USD	5.625%	101.56
Mongol 2022 (Chinggis)	USD	5.125%	100.36
Mongol 2021 (Mazalai)	USD	10.875%	109.25
DBM' 23 (Samurai)	JPY	1.520%	104.07
DBM' 2023	USD	7.250%	104.40
TDBM' 2020	USD	9.375%	102.60
MGMTGE' 2022 (Hoelun)	USD	9.750%	98.58

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.978	-0.05 ▼
Libor 3M	2.027	-0.07 ▼
Libor 6M	1.951	-0.11 ▼
Libor 1YR	1.853	-0.19 ▼
US 2YR Bond	1.378	-0.25 ▼
US 3YR Bond	1.334	-0.24 ▼
US 5YR Bond	1.323	-0.24 ▼
US 10YR Bond	1.507	-0.17 ▼

EXCHANGE RATES

Against MNT	2019.10.04	Change /w/
USD	2,667.70	0.00% ▲
CNY	373.19	-0.35% ▼
EUR	2,919.80	0.24% ▲
RUB	40.96	-1.11% ▼
KRW	2.21	-0.90% ▼
JPY	24.88	0.57% ▲
CAD	2,002.03	-0.42% ▼

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,504.66	0.51% ▲
Silver /spot/	USD/t oz.	17.55	0.04% ▲
Copper	USD/lb.	256.25	-1.35% ▼
Coal	USD/MT	67.32	-3.58% ▼
Crude Oil WTI	USD/bbl.	52.81	-5.54% ▼
Crude Oil Brent	USD/bbl.	58.37	-5.72% ▼

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. VIII	8.90%
Policy Rate	2019. VIII	11.00%
Interbank Rate	2019. VIII	11.26%
Deposit Interest Rate /MNT/	2019. VIII	11.42%
Deposit Interest Rate /Foreign currency/	2019. VIII	4.99%
Loan Interest Rate /MNT/	2019. VIII	16.94%
Loan Interest Rate /Foreign currency/	2019. VIII	10.75%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 53 companies' 1,417,841 shares worth MNT 248.4 million were traded in the secondary market.

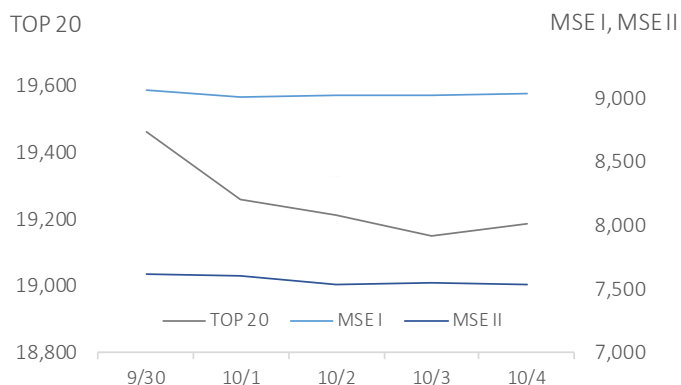
'Autoimpex' /AOI/ company's share rose 35.29% percent to MNT 1,725.0 while 'Buteelch Uils' /BLC/ company's share fell 14.98 percent to MNT 1,271.0.

No government securities were traded on the primary market during this week.

On the secondary market trading of Government securities, 960 units of securities were traded for MNT 97.0 million

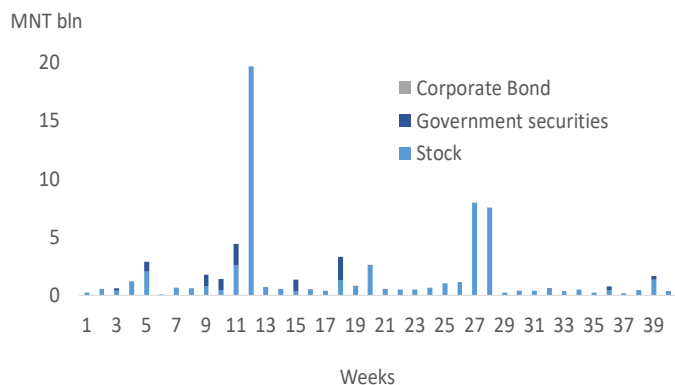
As of October 4, total market capitalization of MSE is MNT 2,484.2 billion. The TOP-20 index increased by 1.09% to stand at 19,182.47 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



Source: Mongolian Stock Exchange

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	345.4
Market Capitalization	2,484,161.1

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,182.47	1.09% ▲
MSE I Index	9,026.93	1.77% ▲
MSE II Index	7,532.13	0.40% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Credit NBFI	819,849	61,533,797
Invescore NBFI	22,15	42,052,390
Gobi	133,547	37,121,263
Ulsyn Ikh Delguur	27,057	21,649,935
Monos Khuns	186,654	11,087,524

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Autoimpex	1,725.00	35.29% ▲
Buunii Hudalmaa	450.00	30.43% ▲
Guril Tejeel Bulgan	920.00	15.00% ▲
Tavilga	1,825.00	15.00% ▲
Arig Gal	3,600.00	12.50% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Buteelch Uils	1,271.00	-14.98% ▼
Undurkhaan	1,390.00	-14.98% ▼
Standard Proprety Group	145.00	-14.71% ▼
Aduunchuluun	1,280.00	-14.67% ▼
Moninjbar	100.00	-13.04% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	135,509,307
Mirae Asset Securities Mongolia	109,404,523
Central Securities	97,584,630
Bumbat-Altai	74,097,068
BDSec	49,435,178

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	509.00	541,668
Tavan Tolgoi	6,590.00	347,064
MIK Holding	14,390.00	298,007
Gobi	275.10	214,609
Invescore NBFI	1,994.00	143,025

GOVERNMENT SECURITY TRADING

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-BD-20/06/20-A0260-15.14	960	96,979,200	101,020	101,020	156	15.140%

DIVIDEND INFORMATION

Nº	Ticker	Company name	Net profit of 2018 /MNT mln/	Total dividend amount /MNT mln/	Dividend payout ratio	Dividends per share /MNT/	Date of resolution	Record date	Payment date
1	HRM	Hermes Center	783.4	298.5	38.1%	3.8	2019.01.25	2019.02.18	paid on 2019.03.18
2	LEND	LendMN NBFi	2,560.3	800.0	31.2%	1.0	2019.01.30	2019.02.22	paid on 2019.03.28
3	MBW	Mongol Basalt	217.2	56.4	26.0%	1.0	2019.02.01	2019.03.25	paid on 2019.06.14
4	BTG	Bayanteeg	1,771.4	1,000.0	56.5%	3,958.7	2019.02.11	2019.03.04	from 2019.06.01
5	SUL	Juulchin Duty Free	1,384.5	653.6	47.2%	10,000.0	2019.02.12	2019.04.10	from 2019.05.31
6	GOV	Gobi	17,764.2	5,304.8	29.9%	6.8	2019.02.13	2019.03.28	from 2019.04.25
7	ADU	Khuvsgul Altan Duulga	399.2	1,888.1	473.0%	120.0	2019.02.13	2019.04.01	from 2019.05.01
8	TCK	Talkh Chikher	1,975.9	204.7	10.4%	200.0	2019.02.14	2019.04.03	from 2019.07.01
9	MMX	Makhimpex	778.6	456.1	58.6%	120.0	2019.02.14	2019.04.03	from 2019.10.01
10	BUK	UB-BUK	566.4	131.5	23.2%	1.0	2019.02.14	2019.04.05	from 2019.05.01
11	TAH	Takhi Ko	799.1	128.5	16.1%	108.0	2019.02.15	2019.04.05	paid on 2019.04.24
12	BNG	Bayangol Hotel	3,433.1	150.2	4.4%	355.0	2019.02.16	2019.04.05	from 2019.09.01
13	MNP	Mongol Post	1,560.3	468.1	30.0%	4.7	2019.02.18	2019.04.05	from 2019.05.01
14	HRD	Khurd	751.1	74.4	9.9%	550.0	2019.02.18	2019.03.04	within 2019.06.01
15	MNDL	Mandal Insurance	3,868.3	624.3	16.1%	100.0	2019.02.18	2019.04.10	paid on 2019.05.27
16	GTL	Gutal	2,225.8	1,257.7	56.5%	777.0	2019.02.18	2019.03.13	from 2019.05.06
17	TEX	Technicimport	2,702.0	723.4	26.8%	500.0	2019.02.18	2019.03.11	from 2019.04.11
18	APU	APU	57,851.7	48,952.4	84.6%	46.0	2019.02.19	2019.04.04	paid on 2019.05.20
19	AIC	Ard Insurance	1,263.4	631.8	50.0%	25.3	2019.02.19	2019.03.15	paid on 2019.06.17
20	GHC	Gan Khiits	20.3	12.1	59.7%	50.0	2019.02.19	2019.03.22	from 2019.10.01
21	HUV	Khuvsgul Geology	107.4	14.4	13.4%	100.0	2019.02.19	2019.04.03	from 2019.04.29
22	HHS	Khuvsgul Khuns	11.3	2.6	23.4%	10.0	2019.02.19	2019.04.03	from 2019.05.15
23	TAL	Talyn Gal	255.9	34.7	13.6%	50.0	2019.02.25	2019.03.26	paid on 2019.07.19
24	BRC	Barilga Corporation	1,311.0	40.1	3.1%	985.0	2019.02.26	2019.03.18	on 2019.03.18
25	UBH	Ulaanbaatar Khivs	235.6	48.6	20.6%	120.0	2019.02.26	2019.03.18	within 2019.05.31
26	DSS	Darkhan Selengiin Tsakhilgaan Tugeekh Suljee	11.5	11.4	99.2%	1.1	2019.03.01	2019.03.21	from 2019.07.02
27	ADL	Aduunchuluun	547.1	409.7	74.9%	130.0	2019.03.11	2019.04.03	paid on 2019.07.26
28	TEE	Teever Darkhan	22.3	81.7	365.5%	500.0	2019.04.17	2019.03.27	within 2019.12.31
29	ERS	Mongol Alt	6.3	39.9	631.2%	150.0	2019.04.17	2019.03.27	within 2019.12.31
30	TTL	Tavan Tolgoi	52,858.1	44,923.4	85.0%	853.0	2019.04.26	2019.04.01	paid on 2019.06.11
31	EER	Arig Gal	449.3	109.4	24.3%	32.5	2019.04.26	2019.03.27	within 2019.09.30
32	HRM	Hermes Center	481.3	447.7	93.0%	5.7	2019.08.15	2019.09.02	from 2019.09.12
33	SUU	Suu	5,706.4	1,143.4	20.0%	3.3	2019.09.09	2019.04.05	from 2019.09.09

CAPITAL MARKET NEWS

The least trade amount in 3 years

On October 4, 2018 stock trade reached a 3-year low with 124,805 stocks being traded for MNT 15.6 million. Previously, in February, 2017 stocks were traded at a lower amount.

As for trade composition, 22,235 stocks of 8 companies, that are listed on the MSE tier I, were traded for MNT 5.5 million, 101,975 stocks of 12 companies, that are listed on the MSE tier II, were traded for MNT 9.3 million and 595 stocks of 4 companies, that are listed on the MSE tier III were traded for MNT 867.0 thousand.

Of the 99 transaction that took place between investors, Gobi /MSE: GOV/ accounted for 17 of the transaction.

Source: MarketInfo.mn

"Atar Urguu" JSC is violating small shareholders' rights

A company that is listed on the MSE's tier II, "Atar Urguu" JSC /MSE: ATR/ hasn't held an AGM for two years.

This means shareholders more specifically small shareholders aren't able to exercise their right.

Currently, 80.06% of the company's shares are held by 3 major shareholders while the remaining 19.94% are held by about 350 small shareholders. However, there have been conflict between the major shareholders.

The reason for the conflict was due to "Tavanbogd Trade" LLC and "Ulaanbaatar Guril" LLC's purchase of the company's shares and they have discovered that the company was participating in financial fraud. Based on the discovery the previously mentioned companies have called the managers to court.

Due to the fraud, the trade of the company's stock was temporarily suspended. Specifically, based the recommendation of "Fiscal Audit" LLC which audited the company's financial statements of 2016, FRC has suspended the stock trade of the company starting February 24, 2017 and restored the trade in December of 2017.

There have been no further comments from the company, the FRC or the MSE.

Source: MarketInfo.mn

Attention to the shareholders of "Bayalag Sumer" JSC

According to the Resolution No: 19/9-2 of Board of Meeting of "Bayalag Sumer" JSC, that took place on September 30, 2019, company has called extraordinary shareholders meeting on November 18, 2019.

Record date: October 21, 2019

Venue: Mandal Town, Door# 42-11, Khoroo #15, Khan-Uul district, Ulaanbaatar

Agenda of the meeting: Electing the Board of directors

Source: "TDB Capital SC" LLC

"Khusug Trade" JSC's major shareholders are purchasing more shares

There has been interesting development concerning "Khusug Trade" JSC /MSE: HSG/, a company listed on tier III of the MSE.

To be precise, the company's major shareholders held 94.59% of total shares in August, 2019 and currently, the company's major shareholder hold 94.76% of total shares. This shows that the company's major shareholders are purchasing more shares from the public.

Additionally, the purchase was not made through exchange but through the OTC market, which has been attracting attention lately.

A trade on the OTC market is defined as transfer of stock as a result of gift or obligation.

As for the company's stock trade, the last trade took place in March, 2019 on the MSE with 1 stock traded for MNT 1,901.

As of October 4, 2019, 94.76% of total shares are held by 5 major shareholders while the remaining 5.24% is held by about 100 small shareholders and this number is expected to decrease in the future.

The company was listed on the MSE on 1992. Currently, the company rents its real estate in Bayangol district.

As of the first half of 2019, the company operated with an income of MNT 185.3 million, a net loss of MNT 49.4 million or a net loss of MNT 166.98 per share.

Source: MarketInfo.mn

MSE: JSCs' implementation of basic obligations is insufficient

The MSE has released a research in the implementation of legally and regulatory required obligations of listed companies.

Out of 177 companies included on the research, 55 companies or 31% of companies' implementation of obligations were satisfactory while 69% of companies' implementation of obligations were incomplete or inadequate.

For example, 131 companies have held their AGM of 2019 while 46 companies haven't held their AGM and therefore have violated shareholders' rights.

Additionally, only 35% of total companies have operating websites. However, of these companies, only a handful has a website that consistently provide useful information to its shareholders.

Source: MarketInfo.mn

COMMODITY MARKET NEWS

Gold purchase declines by 22 percent

As of first nine months of 2019, the gold purchase by the Bank of Mongolia (BoM) was 11.2 tons, which is a 22 percent decrease compared to the same period of previous year.

In September, 2019 the BoM purchased 1.4 tons of gold in total, of which BoM branches in Darkhan-Uul and Bayankhongor aimags bought 31.4 kg and 104 kg gold respectively. The figure represents a fall of 694 kg compared with the same period of previous year.

Source: Montsame.mn

Harvest running at 25.1 percent

As of October 1st, 113 thousand tons of crops were harvested from 87.7 thousand hectares. 105.5 thousand tons of wheat and 131.1 thousand tons of potato from 11.2 thousand hectares, 51.1 thousand tons of vegetables from 51.1 thousand hectares. Harvesting is running at 25.1 percent for grains, 58.1 percent for vegetables, 75.1 percent for potatoes according to Ministry of Food, Agriculture and Light Industry.

Throughout the country, a total of 512 thousand hectares of land was cultivated for crops including 340 thousand hectares for wheat, 14.8 thousand hectares for potatoes, 8.0 thousand hectares for vegetables, 82.4 thousand hectares for oil plants and 42.0 thousand hectares for fodder plants. Based the preliminary harvest balance, the expected harvest is at 441.9 thousand tons of crops of which 420.0 thousand tons of wheat, 176.8 thousand tons of potatoes, 91.2 thousand tons of vegetables, 38.0 thousand tons of oil plants and 80.4 thousand tons of fodder plants.

Source: Montsame.mn

Shizuoka Business Forum to be held annually in Mongolia

A delegation from Shizuoka prefecture of Japan is visiting Mongolia. A meeting to exchange views on cooperation between Shizuoka Association of Small and Medium Enterprises and SME Development Fund of Mongolia was held at the Ministry of Food, Agriculture and Light Industry (MFALI) on October 7.

The MFALI established a memorandum of understanding on cooperation with Shizuoka prefecture in 2014. Mentioning that the sides have been collaborating in co-organizing Shizuoka Business Forum, involving producers of food industry in food fair which is held in the prefecture as well as planting buckwheat rice in Selenge and Dornod provinces and empowering human resources, Minister Ch.Ulaan said now we have opportunity to develop this cooperation in SME promotion sector in the future.

"To promote SMEs of the two countries, we have a proposal to build and develop cooperation between SME Development Fund and Shizuoka Association of Small and Medium Enterprises," he added.

Adjunct advisor to Mayor of Shizuoka prefecture Mr. Hironori Yano said "We are happy with our business visit to Mongolia. We intend to collaborate with Mongolia in many sectors such as economy, education, health and sports. The sides will strive to hold Shizuoka Business Forum annually in Mongolia and to bring more results.

Source: Montsame.mn

DISCLAIMER/DISCLOSURE

This publication has been prepared on behalf of TDB Capital LLC solely for the information of its clients. It is not investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, TDB Capital LLC makes no representation that it is accurate or complete. The information herein is subject to change without notice. Because of the possibility of human or mechanical error as well as other factors such information provided "as is" without warranty of any kind and TDB Capital LLC, in particular, makes no representation or warranty, express or implied, as to accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances, TDB Capital LLC has any liability to any person or entity (-ies) for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligible or otherwise) or other circumstances or contingency within or outside the control of any of their directors, managements, officers, employees, or agents in connection with compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, loss profits) even if TDB Capital LLC is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.